



## **Agricultural Marketing Service**

**[Document No. AMS-CN-21-0064]**

### **2021/2022 Rates Charged for AMS Services: Revised Tobacco Grading Rates**

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Notice.

**SUMMARY:** The Agricultural Marketing Service (AMS) is announcing revisions to the 2021/2022 rates it will charge for voluntary grading services for tobacco. Revised rates are based on financial information obtained since the 2021/2022 rates were announced on April 21, 2021, and will be applied to all services provided since July 1, 2021, and thereafter.

**DATES:** [INSERT DATE ONE DAY AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Dr. Stephen Slinsky, Economist, Cotton and Tobacco Program, AMS, USDA, 3275 Appling Road, Memphis, TN 38133; telephone (901) 384-3000, or email [stephen.slinsky@usda.gov](mailto:stephen.slinsky@usda.gov).

**SUPPLEMENTARY INFORMATION:** The Agricultural Marketing Act of 1946, as amended (AMA) (7 U.S.C. 1621-1627), provides for the collection of fees to cover costs of various inspection, grading, certification, or auditing services covering many agricultural commodities and products. More specifically, the Tobacco Inspection Act (7 U.S.C. 511-

511s) provides for the recovery of costs associated with tobacco inspection and grading services.

On November 13, 2014, the U.S. Department of Agriculture (USDA) published in the **Federal Register** a final rule that established standardized formulas for calculating fee rates charged by AMS user-funded programs (79 FR 67313). Every year since then, USDA has published in the **Federal Register** a notice announcing rates for its user-funded programs.

On April 21, 2021, the notice announcing the 2021/2022 fee rates was published in the **Federal Register** (86 FR 20476). Since publication of this notice, per-unit rates necessary to cover direct and indirect costs associated with providing tobacco inspection and grading services and necessary to maintain mandated financial reserves have decreased. Therefore, AMS is announcing revisions to the 2021/2022 rates it will charge for voluntary grading services for tobacco. Revised rates are based on updated financial information and will be applied to all services provided since July 1, 2021, and thereafter.

Rates reflect direct and indirect costs of providing services. Direct costs include the cost of salaries, employee benefits, operating costs and, if applicable, travel costs. Indirect or overhead costs include the cost of Program and Agency activities supporting services

provided to the industry. The formula used to calculate these rates also considers the need to maintain operating reserves.

Services provided to the tobacco industry include the grading and certification of quality factors in accordance with established U.S. Grade Standards. The quality grades serve as a basis for market prices and reflect the value of agricultural commodities to both producers and consumers. AMS's grading and certification services are voluntary tools paid for by the users on a fee-for-service basis. Industry participants may choose to use these tools to promote and communicate the quality of tobacco to consumers. AMS is required by statute to recover costs associated with providing these services.

### **Rates Calculations**

AMS calculated rates for services, on a per-unit basis, by dividing total AMS operating cost associated with tobacco grading, inspection and certification by the total number of units graded, inspected and certified the previous year, which is then multiplied by the next year's percentage of cost-of-living increase, plus an allowance for bad debt rate. If applicable, travel expenses may also be added to the cost of providing the service.

### **2021/2022 Rates**

Tobacco Fees	
7 CFR Part 29 – Tobacco Inspection	
Subpart A- Policy Statement and Regulations Governing the Extension of Tobacco Inspection and Price Support Services to New Markets and to Additional Sales on Designated Markets;	

Subpart B- Regulations; §§29.123 – 29.129 Fees and Charges; §29.500 Fees and charges for inspection and acceptance of imported tobacco Subpart F- Policy Statement and Regulations Governing the Identification and Certification of Non-quota Tobacco Produced and Marketed in Quota Area; §29.9251 Fees and Charges					
	Regular	Overtime	Holiday	Includes Travel Costs in Rate	Start Date
Domestic Permissive Inspection and Certification (re-grading of domestic tobacco for processing plants, retesting of imported tobacco, and grading tobacco for research stations)	\$55.00	\$64.00	\$72.00		July 1, 2021
Export Permissive Inspection and Certification (grading of domestic tobacco for manufacturers and dealers for duty drawback consideration)	\$0.0025/pound			X	July 1, 2021
Grading for Risk Management Agency (for Tobacco Crop Insurance Quality Adjustment determinations)	\$0.015/pound			X	July 1, 2021
Pesticide Test Sampling (collection of certified tobacco sample and shipment to AMS National Science Laboratory for testing)	\$0.0065/kg or \$0.0029/pound			X	July 1, 2021
Pesticide Retest Sampling (collection of certified tobacco sample from a previously sampled lot for re-testing at the AMS National Science Laboratory; fee includes shipping)	\$115.00/sample and \$55.00/hour			X	July 1, 2021
Standards Course (training by USDA-certified instructor on tobacco grading procedures)	\$1,250.00/person				July 1, 2021
Import Inspection and Certification (grading of imported tobacco for manufacturers and dealers)	\$0.0170/kg or \$0.0080/pound			X	July 1, 2021

**Authority:** 7 U.S.C. 511, 511s; and 7 U.S.C. 1621-1627.

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Agricultural Marketing Service.

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